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Report Highlights:

***Industries urge zero duty on corn imports*, *President calls for crop diversification*, *Expert advises reduction in support prices*, *Edible oil prices burn consumers' pocket*, *Malaysia requests to treat palm oil same as soy oil*, *Oil trade expects import duty cut*, *Frito Lay eyes bigger South India snack pie*, *Testing facilities for GM crops are inadequate in India*.**

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1], IN

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U.S. agricultural community. The report includes information that has been garnered during travel within India reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

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INDUSTRIES URGE ZERO DUTY ON CORN IMPORTS

Several industry associations (Solvent Extractors' Association of India, National Egg Coordination Committee, All India Starch Manufacturers' Association, Poultry Federation of India, Broiler Coordination Committee, and the Poultry Processors' Association) have requested the government to allow corn imports at zero percent duty to enable them to meet their raw material requirements. According to their assessment, the corn availability this year is only 9 million tons against the requirement of 12.2 million tons. (Business Standard, 2/19/03)

Note: The current duty is 15 percent up to the tariff rate quota amount of 500,000 metric tons and 50 percent for quantities in excess of the amount.

PRESIDENT CALLS FOR CROP DIVERSIFICATION

President Abdul Kalam, in his address to the joint houses of the Parliament on February 17 in prelude to the Budget Session, remarked that "there is an urgent need to review the current policies, which have impeded crop diversification and led to unsustainable food subsidies, and to ensure crop-neutral support to our farmers without excessive procurement." His remarks followed his observation that the policy of procurement at the minimum support price, while ensuring remunerative prices for wheat and rice farmers in surplus states, has resulted in huge stocks of rice and wheat with public agencies. As a response to this, the government has been encouraging exports of food grains. (Business Line, 2/17/03 and <http://presidentofindia.nic.in/s/html/rbnew.htm>)

EXPERT ADVISES REDUCTION IN SUPPORT PRICES

Prof. Abhijit Sen, former Chairman of the Commission on Agricultural Costs and Prices, has urged the government to reduce the minimum support prices (MSP) for wheat and rice to encourage crop diversification. "The present MSP for wheat and rice does not encourage farmers to diversify, as he is assured of the minimum price", Prof. Sen said. He remarked that the high MSP for wheat and rice has resulted in farmers of Punjab sticking to these two crops. He added that the government should encourage farmers to go in for crop diversification in a planned manner. (Source: Tribune, 2/18/03)

EDIBLE OIL PRICES BURN CONSUMERS' POCKET

Cooking oil prices have hit a five-year high after shooting up more than 45 percent in the last 11 months. From popular to premium varieties, all edible oil prices are up. For example, refined soy oil is currently selling for rs. 41/kg in the wholesale market compared with rs. 29.70/kg in February

2002. However, the government may be wary of stepping in to protect consumers, as oilseed farmers are getting more revenue than they have in a long time. (Source: Economic Times, 2/18/03)

MALAYSIA REQUESTS TO TREAT PALM OIL SAME AS SOY OIL

The Malaysian Minister for Primary Industries called on the Indian Commerce Minister to lower the import duty on crude and palm oil to equalize it with the existing import duty on soy oil (45 percent). The Indian minister agreed to convey the Malaysian request to the ministries of agriculture, consumer affairs, and finance as the subject falls under their preview. (Source: Business Standard 02/20/03)

OIL TRADE EXPECTS IMPORT DUTY CUT

Indian traders expect a cut in the tariff on palm oil by the end of February to boost imports and avert a crisis in the supply of local edible oils, which have been hurt by the severe drought. But the wish of palm oil producers to have the same duties as soy oil may not happen. Crude palm oil currently attracts a basic duty of 65 percent compared to 45 percent on soy oil. With the monthly stocks of local edible oils like peanut and soya totaling less than 350,000 metric ton compared to the normal stocks of 600,000 metric ton, India seems poised to give imports another break by lowering duty in its upcoming annual budget on February 28, 2003. (Source: Business Standard 02/19/03)

FRITO LAY EYES BIGGER SOUTH INDIA SNACK PIE

Frito Lay India Ltd. is poised for an aggressive push in the South Indian market. South India accounts for nearly 32 percent of the total domestic salty snack business, but has been dominated by a clutch of regional brands. Targeting a 100 percent jump in their Southern India revenues this year, Frito Lay is planning an aggressive push in about 80 towns in the region by increasing the number of outlets from 26,000 to 50,000 outlets. The company's flagship brand, Lay's potato chips, is the main revenue earner in south India. The company's other brands are Kurkure, Chheto, Lehar Namkeen, and Uncle chips. (Source: Business Line 2/19/03)

TESTING FACILITIES FOR GM CROPS ARE INADEQUATE IN INDIA

India is not well equipped to detect or make risk assessments of genetically modified (GM) food or crops that may have been clandestinely imported, stated Dr. Ramesh Bhatt, Deputy Director of the National Institute of Nutrition. The department of biotechnology has sanctioned funds for upgrading of testing facilities at various scientific institutes. Dr. Bhatt was referring to the last decision of Genetic Engineering Approval Committee (GEAC) not to allow imports of GM soy-corn blends from the US by the Catholic Relief Services and CARE India for distribution amongst the poor. He further stated that the new GEAC Chairperson has convened an inter-ministerial meeting on February 26, 2003, to sort out the issue of future imports of GM foods. Also, the Codex Committee third ad hoc intergovernmental task force on biotechnology will meet in Geneva on March 11, 2003, to help in compiling all available methods for detection of traces of hazardous GM products in food consignments. (Source: Financial Express 02/19/03)

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REPORT#	SUBJECT	DATE SUBMITTED
BG3001	Bangladesh Grain & Feed Annual - 2003	02/12/2003
IN3011	Weekly Highlights & Hot Bites, #7	02/14/2003
IN3012	Grain & Feed Annual Report	02/21/2003

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